

Richu Mal Bishan Sarup

July 17, 2019

Rating	Amount (Rs. crore)	Rating ¹	Rating Action
Facilities			
Long-term Bank Facilities	5.00	CARE B; ISSUER NOT COOPERATING* (Single B; ISSUER NOT COOPERATING*)	Issuer not cooperating; Based on best available information
Total	5.00 (Rupees Five crore only)		

Details of facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

CARE had, vide its press release dated July 09, 2018 placed the rating of Richu Mal Bishan Sarup under the 'issuer non-cooperating' category as the firm had failed to provide information for monitoring of the rating. Richu Mal Bishan Sarup continues to be non-cooperative despite repeated requests for submission of information through numerous phone calls and e-mail dated July 10, 2019. In line with the extant SEBI guidelines, CARE has reviewed the rating on the basis of the best available information which however, in CARE's opinion is not sufficient to arrive at a fair rating. The rating on Richu Mal Bishan Sarup's facilities will now be denoted as '**CARE B; ISSUER NOT COOPERATING***'.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating.

The ratings take into account non-availability of requisite information and no due-diligence conducted with banker due to non-cooperation by Richu Mal Bishan Sarup with CARE'S efforts to undertake a review of the rating outstanding. CARE views information availability risk as a key factor in its assessment of credit risk.

Detailed description of the key rating drivers

At the time of last rating on July 09, 2018, the following were the rating strengths and weaknesses:

Key Rating Weaknesses

Fluctuating and small scale of operations coupled with low net worth base: The scale of operations of the firm has remained small and fluctuating. The total operating income has increased in FY13, however, it declined in FY14 (refers to the period April 1 to March 31), mainly on account of lower quantity sold to local wholesalers. The small scale limits the firm's financial flexibility in times of stress and deprives it from scale benefits.

Weak financial risk profile: The overall financial risk profile of the firm was weak marked by thin profitability margins, leveraged overall gearing and weak debt coverage indicators. The profitability margins remained thin for past three financial years i.e. FY12- FY14 marked by PBILDT margin and PAT margin. The capital structure of the firm stood leveraged during past three financial years i.e. FY12-FY14 as marked by overall gearing.

Working capital-intensive nature of operations: Operations of the firm are highly working capital intensive marked by high average operating cycle. Being present in a highly competitive business and having low bargaining power with its customers the average credit period allowed by the firm is around 2-3 months.

Highly competitive industry & low entry barriers: The trading of food and food product industry is highly fragmented with more than two-third of the total number of players being unorganized. Due to low entry barriers in the industry and low value added nature of products, high competition is the inherent risk associated with the industry.

Key Rating Strengths

Experienced management & long track record of operations of company: The firm is managed by Mr. Arun Gupta, Mr. Anurag Gupta and Mr. Ashish Gupta who have work experience of around two decades with the firm.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

*Issuer did not cooperate

Analytical approach: Standalone

Applicable Criteria:

[Policy in respect of Non-cooperation by issuer](#)

[CARE's Policy on Default Recognition](#)

[CARE's rating methodology for wholesale trading companies](#)

[Financial ratios – Non-Financial Sector](#)

About the Company

Richu Mal Bishan Sarup (RMB) was established in 1961 as a partnership firm by Mr. Richumal and Mr. Bisan Saroop. However, the current active partners are Mr. Arun Gupta, Mr. Ashish Gupta and Mr. Anurag Gupta. The firm is engaged in trading of food and food products such as dry fruits, desi ghee, etc. The firm procures these items mainly from Delhi, Haryana and U.P., whereas it mainly sells its products in Delhi and nearby regions, with selling and distribution activities solely looked after by the partners.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Bank Overdraft	-	-	-	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information
Fund-based - LT-Bank Overdraft	-	-	-	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information

**Issuer not cooperating; Based on best available information*

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Fund-based - LT-Bank Overdraft	LT	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; ISSUER NOT COOPERATING* (09-Jul-18)	-	1)CARE B+; ISSUER NOT COOPERATING* (16-Mar-17)
2.	Fund-based - LT-Bank Overdraft	LT	2.50	CARE B; ISSUER NOT COOPERATING* Issuer not cooperating; Based on best available information	-	1)CARE B; ISSUER NOT COOPERATING* (09-Jul-18)	-	1)CARE B+; ISSUER NOT COOPERATING* (16-Mar-17)

**Issuer not cooperating; Based on best available information*

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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